PART I. REVIEW OF SIXTH PLAN

CHAPTER

1

LESSONS FROM THE SIXTH FIVE-YEAR PLAN

There has been an essential continuity in the process of economic planning, since the inauguration of the First Five-Year Plan in the late 1950s. This continuity has been maintained despite a seven-year interregnum during the 1970s when medium-term planning was abandoned in favour of annual budgeting. Medium-term planning was revived once again with the Fifth Five-Year Plan in 1978. The Sixth Plan, which made a decisive shift to a laissez-faire philosophy, and now the Seventh Five-Year Plan, have been prepared as sequels to previous plans, and exhibit this essential continuity in approach and policies, despite their unique features.

2. This continuity has been possible because the cutting edge of planning has never been the plan, but the annual public sector development programme, which is prepared as part of the budget, and under which the size and composition of public investment expenditures are determined. Both five-year plans and annual plans, by contrast, are documents of an advisory nature. To the extent that they reflect the economic philosophy of the government, however, they provide a reference point for policy decisions, which are typically taken in the context of specific cases, on a variety of considerations.

3. In keeping with tradition, the Seventh Five-Year Plan has been formulated on the basis of an assessment of the successes and failures of the previous five-year plan, and of planning performance in general. Although a formal evaluation of the Sixth Five-Year Plan will be conducted by the Planning Commission some time in 1990, this chapter presents a preliminary assessment, which updates the mid-plan review conducted in 1987.

PLAN FORMULATION

4. The Fifth Plan was formulated at the end of a particularly difficult period in Pakistan's economic history. After 25 years of unprecedented growth, the world economy experienced severe shocks in the 1970s. Growth rates slowed down throughout the world, inflation rates soared, and countries like Pakistan which exported neither crude oil nor manufactures experienced severe financial difficulties. For Pakistan, the problem was compounded by domestic developments. The loss of East Pakistan in 1971, the sharp slowdown in foreign aid availability, the new government's nationalization policies, labour unrest, and efforts to step up public investment without parallel efforts to raise domestic and foreign resources, all contributed to unprecedented economic dislocation and poor economic performance.

5. By the time martial law was imposed in July 1977, the economy had been bankrupt for some time. At the end of June 1977, for the first time in the history of Pakistan, net foreign assets of the banking system were negative by Rs 566 million (or US$ 57 million). In 1976-77, although the investment rate had risen to 19.3 per cent of GDP and the surplus on the consolidated revenue budget to Rs 1.7 billion, the deficit on the current account of the balance of payments was above US$ 1 billion (or 6.7 per cent of GNP); the rate of growth of GDP had fallen to 2.8 per cent, so that per capita GDP growth had been negative; while consumer prices had risen by 11.8 per cent.

6. In 1977-78, the last year of the Non-Plan period, a number of measures were taken to reverse previous policies and restore financial discipline. The Fifth Five-Year Plan (1978-83) was

also formulated in that year. To meet the critical shortage of foreign exchange resources, and to finance the plan, it was decided to seek foreign assistance on a large-scale from the International Monetary Fund (IMF) and the World Bank (WB). In November 1980, Pakistan sought a three-year arrangement with the IMF, under which the IMF provided Special Drawing Rights (SDR) 1,079 million over a two-and-a-half year period ending November 1983. As a reflection on the poor creditworthiness of Pakistan, however, the World Bank did not lend to Pakistan for four years until 1981-82, during which period only International Development Association (IDA) lending took place.

7. The Fifth Plan consolidated investment and growth, brought down the rate of inflation, and restored domestic and external financial stability. Although net foreign assets of the banking system turned negative again in 1981-82 due to adverse balance of payments developments, they were positive throughout the plan period and by its end stood at Rs 6,518 million (or US$ 511 million). In 1982-83, the deficit on the current account of the balance of payments had fallen to US$ 558 million (or 1.8 per cent of GNP); the investment rate, to 17.4 per cent of GDP; but the rate of growth of GDP had risen to 6.7 per cent; while the rise in consumer prices had slowed down to 4.2 per cent.

8. The major weakness of the Fifth Plan, however, was its excessive reliance on non-bank domestic borrowing to balance the budget, while allowing a rapid growth of current expenditures, especially on defence; as a result, in 1982-83, the surplus on the consolidated revenue budget turned into a small deficit, for the first time in Pakistan's history. Non-bank borrowing during the Fifth Plan was targeted at Rs 19.4 billion, 21.7 per cent of the overall budgetary deficit of Rs 89.2 billion. In fact, non-bank borrowing reached Rs 40 billion, or 31 per cent of the overall deficit. Compared to the Non-Plan period (1972-78), non-bank borrowing thus increased sharply from about Rs 20 billion to Rs 40 billion, a trend which was to be greatly exaggerated during the Sixth Plan period.

9. It was in this context that the Sixth Five-Year Plan was formulated. With the restoration of external financial viability it was felt that a major effort was needed to mobilize foreign assistance in support of an ambitious development programme. Accordingly, the Sixth Five-Year Plan presented a bold and comprehensive development programme within the context of a well articulated economic policy framework. It spoke of combining rapid economic growth, based on a greatly strengthened and diversified production base, with the demands of social justice.

10. The aim was rapid and equitable development of the country, to help the poor emerge from their poverty and to enable them to earn or obtain the necessities of life through a decisive breakthrough in the provision of physical infrastructure and social services to the rural areas. The emphasis was on nutrition, housing, water and sanitation and especially education and health to increase human resource productivity and to establish equality of opportunity. In the context of a basic economic framework, the Sixth Plan aimed at:

- Maintaining the growth momentum;
- Strengthening the diminishing infrastructure;
- Investing in human resource development;
- Developing the cultural heritage; and
- Providing basic necessities of life to the people.

11. Within these overall objectives, a significant boost was given to social sector programmes of the Sixth Plan, especially those designed for the rural areas, by the inauguration of the Prime Minister's Five-Point Programme (1986-90), soon after the formation of an elected government on January 1, 1986. The major emphasis of the Five-Point Programme was on economic uplift and development of rural areas and rural communities in order to make up for the neglect of the past; basic amenities and services required in the villages were to be provided under the Programme. With the dissolution of the National Assembly and the government on May 29, 1988, the projects and programmes under the Five-Point Programme have been merged in the Seventh Five-Year Plan.

BASIC ECONOMIC FRAMEWORK

12. In assessing the successes and failures of planned development, the Sixth Plan concluded first, that economic growth had become a regular feature of the economy, so that economic policy should concern itself with the composition of growth which would be most apt for the achievement of its distributional and socio-economic goals, while ensuring that the growth momentum was maintained; and second, that given sound economic management and domestic stability, high periods of growth were associated with emphasis on agriculture and a constructive partnership between public and private sectors.

13. Accordingly, the growth strategy of the Sixth Plan relied on a fertilizer, water and farm-technology based growth in small farm production, both for exports (of wheat, rice, fruits, vegetables, flowers, poultry, and meat) and for import substitution (in oilseeds and dairy products); a rapid development of steel-based engineering industry, modernization of textiles and food processing; and a balanced development of services, especially in the public sector. It also spoke of 'a new compact' between the private and public sector, based on deregulation; of direct measures for the alleviation of poverty, especially in the rural areas; of an income and employment policy; of provision of opportunities for women; and of 'safety nets' for the poor.

14. To achieve its physical targets, the Sixth Plan figured on an average annual GDP growth target of 6.5 per cent, led by growth in minor crops (7 per cent per year) and in large-scale industry (10 per cent per year). To achieve this growth, fixed investment as a ratio of GNP was to rise from 13.4 per cent to 17.4 per cent; the private sector contributing 42.6 per cent (or Rs 200 billion, at current prices) over the five years; while national savings were to finance 84.6 per cent of total investment.

15. On the basis of preliminary data for 1987-88, it is expected that an overall GDP growth rate of 6.6 per cent is likely to be achieved, the same as during the Fifth Plan period, but its composition would be very different from what was planned: minor crops are expected to grow by only 3.6 per cent per year; large-scale manufacturing, by only 7.5 per cent per year (see Statistical Appendix Table 1.1). From 1982-83 to 1987-88, fixed investment as a ratio of GNP would rise from 14 per cent to 14.4 per cent; the private sector contributing 41.2 per cent over the five years or Rs 169.7 billion, at current prices; while national savings would have financed 77.9 per cent of total investment.

16. In terms of plan formulation, perhaps the most serious criticism of the Sixth Plan can be made in terms of its size, composition and financial plan. In retrospect, it seems eminently clear that the viability in external finances gained by the last year of the Fifth Plan was extremely fragile, and the incipient budgetary crisis had revealed itself in a revenue deficit for the first time. In the absence of concrete measures for budgetary reform, therefore, an increase in planned outlays of 58 per cent in real terms (or 117 per cent in nominal terms) seems excessive in hindsight. At the same time, the language of the Sixth Plan was not adequately reflected in sectoral allocations of public sector development outlay: over half the increase in Sixth Plan allocations over the Fifth Plan went to energy; over 75 per cent, to energy, irrigation & drainage, and transport & communications; education, health and population welfare received only about 16 per cent (Table 1.1).

Table 1.1

SECTOR SHARES OF INCREMENTAL ALLOCATIONS TO PUBLIC SECTOR DEVELOPMENT PROGRAMME IN THE SIXTH FIVE-YEAR PLAN

(Current billion Rs)

	Fifth Plan	Sixth Plan	Incremental (Rs.bln)	Allocation (%)
Agriculture	6.1	12.4	6.3	4.1
Fertilizer subsidy	8.8	3.0	-5.8	-3.8
Water	15.8	32.1	16.3	10.7
Energy	38.8	116.5	77.7	51.0
Industry	25.4	20.5	-4.9	-3.2
Minerals	0.4	5.8	5.4	3.5
Transport & Communications	35.2	57.5	22.3	14.6
Physical Planning & Housing	9.0	15.5	6.5	4.3
Education	5.6	19.9*	14.3	9.3
Health	4.6	13.0	8.4	5.5
Population Welfare	0.6	2.3	1.7	1.1
Other Programmes	2.3	6.5	4.2	2.9
Total (Gross**)	152.6	305.0	152.4	100.0

* Includes Rs 1.02 billion for Manpower.

** Total excludes Special Development Programme (Rs. 600 million in the Fifth Plan and Rs. 15 billion in the Sixth Plan) and a planned operational shortfall of Rs. 30 billion in the Sixth Plan.

17. By far the most serious weakness of the Sixth Plan was the absence of any concrete plan for expenditure control or domestic resource mobilization, designed as it was for a major effort to mobilize foreign assistance. The Sixth Plan laid the blame for the financial difficulties which emerged over the Fifth Plan period very largely on external pressures (high energy and fertilizer prices, together with low cotton and rice prices); although it cited the burden of subsidies and the rise in non-development expenditures, it explained the latter by the need to pay higher wages in the wake of rising food prices. As a result, despite a good analysis of the budgetary situation, the Sixth Plan's fiscal strategy assumed away the problem:

"It is assumed that at least changes sufficient to avoid deficit emerging in the revenue budget would be made in the Sixth Plan; a small surplus on revenue account is assumed to be generated to finance the Sixth Plan." (Sixth Plan, page 63.)

18. In the event, compared to an assumed revenue surplus of Rs 50 billion over the Sixth Plan period, a deficit of around Rs 36 billion is expected: a swing of over Rs 92 billion in real terms (Table 8.1). Similarly, the Sixth Plan's expectations of a substantial strengthening of external finances also did not materialize due to a substantial shortfall in remittances, although average annual export growth, planned at 8.5 per cent, is likely to average 10.4 per cent; the current account deficit, planned at 2.8 per cent of GNP, would reach 3 per cent; and net capital flows, planned at US$ 4.5 billion, would be only US$ 3 billion. Although below the ambitious targets set in the Sixth Plan, private investment activity has witnessed a major boom in the Sixth Plan period.

Table 1.2

FINANCING THE BUDGETARY DEVELOPMENT PROGRAMME
(Net Basis*)

(At 1987-88 constant billion Rs)

	Fifth	Sixth Plan	
	Plan	Target	Actual¤
1. Overall Deficit	128.9	160.1	236.0
of which: -BDP=	179.0	250.3	218.0
2. Financing			
Non-Bank Borrowing	40.0	51.4	127.1
Bank Borrowing	41.4	47.0	61.6
External Resources (Net)	47.5	61.7	47.3
Memo			
As a per cent of GDP			
Government Investment	8.7	8.3	7.2
Overall Fiscal Deficit	6.3	5.3	7.8

* Amortization of foreign loans appears under 'financing' and is not included in the 'deficit' figures.
¤ Based on prelimenary estimates.
= Budget-Finance Development Programme.

19. On the basis of present expectations, therefore, at the end of the Sixth Plan the net foreign assets of the banking system would be negative at a record figure of around Rs 20 billion (or over $ 1 billion). In 1987-88, the deficit on the current account of the balance of payments is estimated at a little over $ 1.0 billion (or 2.5 per cent of GNP); the deficit on the consolidated revenue budget, at Rs 54 billion (or 7.9 per cent of GDP); the investment rate, at 15.8 per cent of GNP; the rate of growth of GDP, at 5.8 per cent; and the rate of consumer price inflation, at 6.0 per cent. It is this situation which explains the attention given to plan financing in the Seventh Plan.

MAINTAINING THE GROWTH MOMENTUM

20. The Sixth Plan's socio-economic objectives were to be attained by redistributing the benefits of high growth. This growth was to be obtained primarily from agriculture and rural development, industry and minerals. At the same time, the Sixth Plan spoke of Baluchistan as 'the new agrarian frontier' and resolved to extend the frontiers of development to include the Special Areas: Federally Administered Tribal Areas, (FATA), Northern Areas, (FANA), and Azad Jammu & Kashmir, (AJK).

AGRICULTURE

21. In agriculture, the theme of the Sixth Plan was to move from self-sufficiency to export. The Sixth Plan growth strategy was based on a major breakthrough in agricultural production through vertical improvement particularly on the small and medium-size farms. The strategy was:

- to increase yields through use of modern technology and balanced and timely application of inputs (chemical fertilizers, pesticides, improved seed) besides provision of agricultural credit for the purchase of these inputs;
- to utilize water efficiently by improvement in on-farm water management through organizing and training farmers in its effective use;
- to encourage intensive farming on medium and small size farms through the use of small tractors and small farm machinery;
- to modernize the extension services in the public sector and to combine them with private sector companies engaged in marketing inputs;
- to diversify agriculture by extending the system of support prices to new high value crops and to encourage crop/cattle insurance besides introducing innovative agricultural loan programmes such as supervised credit and group loans;
- to develop the *barani* (rainfed) areas;

- to expand the export markets for wheat and rice as well as for fruits, flowers, poultry and meat; and

- to expand domestic oilseeds, particularly soyabean production and freeze the size of the edible oil deficit.

22. The minor crops, as a result of this strategy, were expected to grow at a faster rate than the major crops. The growth in major crops, during the Sixth Plan averaged 2.3 per cent (target 3.6 per cent) compared to 3.6 per cent (target 7.0 per cent) in minor crops. It now appears that the target for minor crops particularly of vegetables and spices, and of non-traditional oilseeds had been pitched too high. Consequently instead of 4.9 per cent growth targeted for agriculture, the achievement in the sector was 3.8 per cent (Statistical Appendix Tables 1.1 and 1.2).

23. Although weather conditions affected the yield of crops, there was an impressive improvement in the production of cotton and wheat due to increased use of inputs and development of appropriate technology including new varieties. Cotton yields increased from 364 kg per hectare in 1982-83 to 591 kg per hectare in 1987-88, and of wheat from 1,678 kg per hectare in 1982-83 to 1,707 kg per hectare in 1986-87. Crop yields in the *barani* tract improved. Crop production technology for increasing production of *barani* areas was transmitted to the farmers through agencies such as Agency for Barani Areas Development (ABAD) and Cholistan Development Authority.

24. There were also impressive increases in poultry and poultry products which helped to stabilize meat prices. Besides, an important development in the private sector was packaging and marketing of milk and other dairy products which improved availability in the urban centres and reduced the wide margin in milk prices between the surplus and deficit areas.

25. The offtake of fertilizer went up from 1,244 thousand tonnes in 1982-83 to 1,750 thousand tonnes in 1987-88 at an annual growth rate of over 7 per cent although the target of 1,828 thousand tonnes was not met (Statistical Appendix Table 1.2). The targets of seed distribution, mechanization, tractors and plant protection coverage also could not be achieved; neither were small tractors introduced on the small and medium farms where the preference instead was to hire large sized tractors, nor was their suitability established. Agricultural credit disbursed, however, increased from Rs 6.3 billion to Rs 18 billion and supervised credit was extended to ensure its proper utilization by the small farmers who were also provided the facility of cost free loans.

26. Under the On-Farm Water Management Programme 9,559 water courses were improved against the target of 9,700 and as such achievement was almost 100 per cent; water losses were reduced thereby increasing availability. The organization of farmers into a Water Users Association facilitated collective action by them to obtain other inputs. The agriculture and irrigation departments, however, are not working in coordination, as far as this programme is concerned.

27. Agricultural extension made headway; the Training & Visit (T&V) agricultural extension system was extended from five districts in Sind and Punjab to cover all districts in these provinces; it has also been introduced in Baluchistan. Pesticides and fertilizer manufacturing companies also provided extension services to farmers in the private sector.

28. Some major policy decisions were taken with far-reaching impact. Wheat and flour/*atta* were derationed to encourage market forces to determine prices. Also the monopoly procurement of basmati rice was stopped so that the public sector competes with the private sector; in order to liberate the cane growers from the yoke of the sugar mills, sugarcane was dezoned. The support prices for most agricultural products have been gradually aligned with border prices and subsidies for fertilizer and public mechanization services have been reduced. However, no new crops were brought within the purview of the price-support programme. during the Sixth Plan, as had been envisaged. Also, crop and cattle insurance were not introduced.

RURAL DEVELOPMENT

29. The agricultural strategy of the Sixth Plan was to serve as the basis for a rural development programme designed to alleviate poverty in the rural areas. In the Fifth Plan rural development efforts were undertaken both as part of overall sector programmes and as integrated programmes executed by district/*markaz* councils and provincial rural development & local government departments. The Sixth Plan continued with this approach, but gave greater emphasis to local projects based on felt needs. An innovation was the attempt to have District Plans prepared by local councils for submission to provincial authorities.

30. The inauguration of the Prime Minister's Five-Point Programme in 1986 gave an additional boost to rural development efforts. Reflecting increased financial allocations, rural road construction exceeded Sixth Plan targets by 49 per cent. Progress in other areas, however, fell much behind targets: only 11,800 villages were electrified (target 20,000); only 1,803 Basic Health Units (BHUs) and 194 Rural Health Centres (RHCs) were constructed (targets: 2,600 and 355); only 12.7 million people were provided with safe drinking water (target 18 million), and only 3.1 million were provided with sanitation facilities (target 4.5 million). There was little progress in improving literacy in rural areas. Finally, the role of local institutions in participative planning did not come up to expectations.

INDUSTRY

31. The industrial strategy of the Sixth Plan included:

- Priority to steel-based engineering and modernization of textile industry;
- Investment in processing industries for export markets, specially for processing agricultural surpluses;
- Progressive assembly and manufacture of tractors and other agricultural implements; and
- Balanced development of service industries particularly public services to satisfy human needs.

32. Structural adjustment was to be the key element in the Sixth Plan. The major policy thrusts identified were: encouragement to the private sector, move towards deregulation, provision of an efficient package for the small-scale sector and encouragement to foreign private investment for absorption of new technology.

33. The manufacturing sector, as a whole, was expected to grow annually at 9.3 per cent (large-scale 10 per cent, small-scale 7.3 per cent). The achievement, however, was 7.7 per cent (large-scale 7.5 per cent, small-scale 8.4 per cent). The growth of the small-scale sector, however, is conjectural (due to absence of reliable statistics); the growth target in large-scale manufacturing was not achieved.

34. Private investment of Rs 24.4 billion in agro-industries and small-scale rural industries exceeded the Sixth Plan target of Rs 13.4 billion; in textiles, the investment was Rs 13.8 billion against the target of Rs 12.8 billion, but there were shortfalls in basic metal and engineering industries. In the case of the latter, only 67 per cent of the Sixth Plan target was achieved. Substantial shortfalls occurred in petrochemicals and fertilizers (Statistical Appendix Table 1.3).

35. Major policy initiatives that were taken during the Sixth Plan were a departure from an extensively regulated regime to a comprehensive supporting package of deregulation, disinvestment in public enterprises, raising of the investment sanction limit for non-specified industries, reduction in the number of specified industries to only five, lowering of tariffs on imported raw materials, intermediate and capital goods, and liberal credit to the private sector.

36. These policy measures pushed private investment upwards, particularly in large-scale manufacturing, which increased from Rs 4.1 billion in 1982-83 to Rs 11.8 billion in 1987-88, a yearly growth of 23.7 per cent in current prices and of 16.6 per cent in 1987-88 prices. The total private investment in large-scale manufacturing during the Sixth Plan period was Rs 45 billion against the target of Rs 50 billion.

37. The investment, however, did not follow the priorities stipulated in the Sixth Plan, or in the Industrial Policy later announced, of diversification towards capital goods production and regional development. The investment was in import substitution and consumer goods industries which enjoy protection, rather than in export-oriented industries or those located in the less developed regions of the country.

38. The development of progressive manufacturing programmes was quite commendable. However, progressive manufacture of more sophisticated and precision items such as engines, transmission equipment, etc. made no progress during the Sixth Plan period.

MINERALS

39. The major objectives of the Sixth Plan in the minerals sector was to accelerate exploration and development, to substitute for import needs of agriculture and manufacturing (especially the coal and iron ore needs of Pakistan Steel Mills Corporation [PASMIC]), and promote exports. Exploration made little headway during the Sixth Plan period and also major projects such as Lakhra Coal for power generation (Sind), Gyp-

sum Mining Development (Punjab), Lagarban Phosphate Rock Mining and Development (NWFP), and Nokkundi Iron Ore (Baluchistan) were not initiated.

BALUCHISTAN

40. The Sixth Plan noted that physical and social infrastructure in Baluchistan lagged well behind national averages and proposed the development of agriculture and water, energy, transport & communications, health & education, physical planning & housing, mining & industry in that order in ten growth points: Kohlu, Jhal Magri, Kakar Khurasan and Loeband, Toba Kakri, Dera Bugti, Katmandai, Jhal Jhao, Musa Khel, Chagai, and Mashkhel.

41. Special allocations were made in the provincial annual development programmes and necessary administrative machinery was set up for the implementation of physical and social infrastructure programmes in these areas. The programmes which were undertaken for the uplift of these regions included: ground water development; survey for exploration of minerals; completion of industrial estates and construction of housing schemes; improvement of 5,360 km of shingle road; use of water from Haingole river in Jhal Jhao area for irrigation; implementation of Balad Project for agricultural development in Ormara (Dasht area in Mekran); and development of black topped road of 410 km in Chagai district for exploration of minerals.

42. Similarly, joint ventures for mining and refining of minerals were also undertaken. Minerals like onyx, barite, and chromite were proved in the province and the production of onyx increased to 28,000 tons per year.

SPECIAL AREAS

43. The Special Areas consist of the Federally Administered Tribal Areas (FATA) and Northern Areas (FANA), and Azad Jammu and Kashmir (AJK). Like Baluchistan, these areas are characterized by a paucity of physical and social infrastructure. The Sixth Plan, recognizing their strategic importance and backwardness, proposed a multi-sectoral investment programme for their development.

44. The major achievement during the Sixth Plan period was the completion of an irrigation scheme, namely Penjari-Khari irrigation scheme, which provided 9,700 acres of additional land with irrigation. In addition a number of tubewells were sunk in Azad Jammu and Kashmir and FATA areas for irrigation purposes. About 28 small hydel schemes/ stations were completed in the Special Areas. More than 300,000 square feet of office buildings and 10,000 square feet of residential accommodation were completed. In the transport and communications sector, besides the completion of a number of strategic/link roads, over 3,500 km of new roads were constructed. However, the private sector remained shy and industry was not forthcoming.

STRENGTHENING THE DIMINISHING INFRASTRUCTURE

45. Other than maintaining the growth momentum, efforts in the Sixth Plan were to be directed towards strengthening the diminishing infrastructure. This was to be done by improving sources of energy, reducing losses in transmission and distribution, and through greater equity in distribution of energy. A network of roads was envisaged, besides improvement in the efficiency and quality of services of the railways, improvement in urban transport with bulk of investment in the private sector, provision of adequate infrastructure at airports, and a quantum jump in telephone and telecommunication facilities. Water availability for irrigation was to be improved through extension of the irrigation and drainage systems, and the protection of fertile lands from waterlogging and salinity. To take care of the depleting infrastructure, the share of allocations to energy, transport & communications and water sectors was raised from 58.7 per cent in the Fifth Plan to 67.6 per cent in the Sixth Plan.

ENERGY

46. During the Fifth Plan the growth in energy consumption was about 1.4 times faster than the growth in real GDP and hence one of the major objectives of the Sixth Plan was to bring down the elasticity of energy demand. The strategy designed included using energy efficiently, minimizing dependence on imports, preparing the ground for growing self-reliance, developing indigenous resources for energy and searching for undiscovered resources; and most importantly rural electrification.

47. The major policies were to induct the private sector by evolving suitable mechanisms for greater participation of the private sector to meet the country's energy requirements, to rationalize energy prices, and to conserve and use energy efficient-

ly through price and non-price instruments.

48. Electricity generation increased annually at 13.6 per cent; coal production at 11.8 per cent; petroleum, oil and lubricant (POL) products, at 8.5 per cent; and natural gas at 6.5 per cent, during the Sixth Plan period.

49. One of the major successes of the Sixth Plan was that on the supply side, both commercial and non-commercial energy increased from about 28.3 million ton oil equivalent (MTOE) to 36.1 MTOE i.e., an increase of 27.6 per cent. Increases in case of oil and gas were not only impressive but exceeded all expectations; against the Sixth Plan target of 21,000 barrels, production in 1987-88 was about 43,000 barrels (Statistical Appendix Table 1.4). This achievement was a consequence of the government policy of assigning a larger role to the private sector which could bring with it finances, manpower and institutional capability; attractive producer prices also helped to attract foreign investment.

50. On average, 37 wells were drilled annually by the private sector as against the target of 31. The Oil and Gas Development Corporation (OGDC) also drilled 20 wells annually against their target of 19. Production of gas increased by 33 per cent during the Sixth Plan period from 951 million cubic feet per day (MMCFD) to 1,264 MMCFD (Statistical Appendix Table 1.4). Besides, new gas reserves were discovered and appraisal of some of the previously discovered fields resulted in increase in availability of gas reserves.

51. Despite significant effort and investment to implement the construction of a large power plant based on Lakhra coal, actual achievement has been short of expectations, primarily because the extraction cost of coal turned out to be higher than required for establishing the economic viability of a large coal fired plant and non-existence of adequate coal reserves at Duki. Nevertheless, a modest beginning has been made by initiating smaller coal fired plants, based on fluidized bed technology, both in the private and public sectors. Reserves were identified and major deposits were found in the Sonda-Thatta areas.

52. The Sixth Plan succeeded in making modest progress in the overall energy sector in the country, particularly in losses from 29.7 per cent to 23.0 per cent. Besides strengthening of transmission, distribution and grid stations systems in the country, a large number of rural areas were provided with electricity. During the Sixth Plan about 2.3 million new consumers were added against 1.8 million during the Fifth Plan.

53. Construction of a heavy electrical plant was also initiated to reduce the imports of heavy and light electrical equipment. However, delays occurred in commissioning some major power projects so that 2,018 MW instead of the targeted 3,795 MW were added in the Water & Power Development Authority (WAPDA) and the Karachi Electric Supply Corporation (KESC) systems. Per capita electricity delivered was thus 233 KWH against the target of 253 KWH (Statistical Appendix Table 1.4), a shortfall of 8 per cent only which would have been much higher but for the developments in other energy sub-sectors.

54. The pattern of energy consumption witnessed a change in the direction required as shares of industry and agriculture in total consumption increased from 28.4 per cent and 3.5 per cent to 32.3 per cent and 6.3 per cent respectively; the share of domestic consumption declined from 48.7 per cent in 1982-83 to 45.3 per cent in 1987-88.

TRANSPORT & COMMUNICATIONS

55. The plan addressed itself mainly to rehabilitation and optimal utilization of existing capacity, improvement in rail/road traffic ratio to reduce the strain on the existing road network, rational pricing policies and cost recovery, induction of the private sector and financing by public corporations.

56. A beginning was made by converting the Telegraph & Telephone (T&T) Department into a self-financing corporation to meet the financial and other requirements of the pending demand for telephone connections and telecommunication facilities. Besides, some major railway projects were completed and roads and highways constructed. Major work on Port Qasim was completed and work on the Gwadar Fish Harbour taken up.

57. Since the programme was mainly rehabilitation oriented, in overall terms there was no significant increase in transport capacity as a result of the projects executed during the Sixth Plan period. One of the principal problems faced in project execution, however, was the lack of adequate physical implementation capability and proper quality control resulting in unsatisfactory progress and quality of construction on a number of projects.

58. The Sixth Plan envisaged improvement in rail/road traffic ratio of 25:75 in 1982-83 to 27:73 in 1987-88. However, actual rail/road ratio by the end of the Sixth Plan was 20:80. Rail traffic did not increase primarily due to operational inefficiencies. Thus, there was an increasing strain on the road system, particularly along the north-south corridor (National Highway N-5). The diversion of long-haul freight traffic to the relatively uneconomical mode of transport by road involved extra cost and therefore a net loss to the economy.

59. In the air transport sector, the traffic achieved by Pakistan International Airlines (PIA) was 90 per cent of the plan target and the ports also handled a larger volume of traffic. However, induction of the private sector in roads, airline, telegraph & telephone and shipping sub-sectors did not materialize. Targets and achievements during the Sixth Plan are at Statistical Appendix Table 1.5.

IRRIGATION & DRAINAGE

60. The agriculture resource base was expanded during the Sixth Plan period. An additional area of 3.1 million acres was cropped against the target of 3.24 million acres due to additional water availability which increased from 101.5 million acre feet (MAF) to 112.2 MAF at farm level mainly because of better management in the delivery system. This was an increase of almost 10.5 per cent from successful programmes of canal and drain rehabilitation besides the On-Farm Water Management Programme which emphasized improvement and lining of water courses, precision land levelling, formation of Water Users Association and training of farmers.

61. The expenditure on the On-Farm Water Management Programme exceeded the target by 35 per cent although expenditures fell short of the allocation in all sub-sectors including drainage, irrigation and flood protection. The Chashma Right Bank Phase I was commissioned and the long overdue Hub and Khanpur Dams were completed. Fertile lands were protected from waterlogging and salinity and 3.37 million acres of disaster area were protected. The achievement exceeded the target of 2.8 million acres by 20 per cent primarily because the policy was to focus attention on the areas worst affected by waterlogging and salinity rather than on gross affected area (Statistical Appendix Table 1.6).

62. Considerable progress was made during the Sixth Plan period to overcome the problems due to shortage of water but there were shortcomings also. Despite an increase of 2 MAF in water availability from lining of water courses, a system has not yet evolved on how to maintain these water courses. Also projects in all provinces could not be taken up and remained pending because the issue of water distribution was not resolved at the national level and substantial amount of surface water flowed unused into the sea.

63. After completion of the Tarbela reservoir, no new reservoir was constructed to take care of the gradually depleting storage capacity. The experience gained from completion of Hub, Khanpur and other small dams indicated gross deficiencies in design and expertise; shortage of funds was responsible for non-achievement of the flood control targets for the Sixth Plan: against the target of 25,000 tubewells in the private sector and 744 tubewells in the public sectors, 719 tubewells were installed in the public sector and 100 per cent of the target in the private sector was met.

SCIENCE & TECHNOLOGY

64. Innovatively, the Sixth Plan addressed the debilitating weakness in science and technology capacity of the country, and proposed the setting up of a number of institutions with appropriate funds, so that a firm foothold could be acquired in the emerging technologies: micro-electronics, biotechnology, lasers, computers, renewable energy sources, fibre optics, and nuclear and space technologies. Given the enormity of the task, especially in the light of generally poor educational standards, the main achievement during the Sixth Plan period was to send a number of students for postgraduate studies abroad and the establishment of a number of specialized research institutes. The plan's aim of securing a firm foothold in the emerging technologies cited, remains elusive.

INVESTING IN HUMAN RESOURCE DEVELOPMENT

65. The Sixth Plan policies were not only growth oriented nor entirely dependent on the favourable impact of economic growth to trickle down to the poorest segments of society but focussed on tackling poverty directly through the provision of public services to all sections of society. Education and health, in particular, were considered basic ingredients and although their incremental share was small, the development programme was increased from about 10 per cent in the Fifth Plan

to 14.3 per cent in the Sixth Plan, with a quantum jump in absolute terms. Targets and achievements are given in Statistical Appendix Table 1.7.

EDUCATION

66. The approach was to reduce illiteracy and to expand primary education. The literacy rate was to go up from 27 to 48 per cent. The strategy was to use the mosques to accommodate primary classes and to involve the youth for mass literacy functional programmes specially to reduce the rural-urban imbalance. The participation rate of children in primary schools was targeted to increase from 48 per cent in 1982-83 to 75 per cent in 1987-88. In other words, 5 million additional children were to be provided primary schooling. Larger increase in girls' than boys' enrolment was projected.

67. During the Sixth Plan period more than 12,000 primary schools in the public and private sector were added; the number of mosque schools increased by more than 17,000. Participation rate at primary level went up to 63.5 per cent (boys 80 per cent; girls 46 per cent). Although the target was not achieved, this was a substantial improvement.

68. In the case of literacy, there was only a three percentage point increase and the strategy of mass literacy through functional programmes for adults did not achieve the results envisaged and the short-cut methods employed to improve literacy were expensive. Apparently the increase in literacy rate during the Sixth Plan period was via the primary education route.

69. Enrolment in classes 1 to 5 increased to 9.3 million in 1987-88 as against 6.7 million in 1982-83. This increase was possible as the recurring expenditure on education and training was picked up by the Federal Government as development expenditure and reimbursed to the provinces as they were unable to meet the commitment from their own resources. The targets of literacy and primary school enrolment were too ambitious but reflected the aspirations of the people (Statistical Appendix Table 1.8).

HEALTH

70. At the beginning of the Sixth Five-Year Plan there was a general scarcity of adequate health services, in the face of a fast expanding population, both in terms of infrastructure and trained personnel, specially paramedics. Newborn children were a prey to communicable diseases and malnutrition and infant mortality was high. The crude death rate was 12 per thousand and life expectancy about 55 years; maternity care facilities were poor and maternal mortality very high. The quality of life was seriously affected and hence the Sixth Five-Year Plan sought to tackle these deficiencies for human resource development.

71. During the Sixth Plan period there was considerable expansion in basic health facilities; about 85 per cent of Union Councils have now either a Basic Health Unit (BHU) or a Rural Health Centre (RHC) or both. The number of BHUs increased from 1,693 at the beginning of the Sixth Plan to 3,496 and of RHCs from 298 to 492, an increase of 106 and 65 per cent respectively. Training of birth attendants was taken up in earnest and the target of 30,000 was fully achieved (Statistical Appendix Table 1.9).

72. Infant mortality was considerably reduced from 98.5 per 1000 to 80 and life expectancy increased from 58.6 to 61 years; crude death rate declined from 12 per 1000 to 11 per 1000. Perhaps the greatest success of the Sixth Plan was the launching of a large scale immunization programme which resulted in an increase in the coverage of immunization of children upto 5 years from 33.8 per cent in 1982-83 to 100 per cent in 1987-88. This helped save about 100,000 children from death and prevented about 45,000 from disability. Treatment of diarrhoea through rehydration was also a step forward.

73. There was a large increase in the number of doctors, both in the urban and rural areas. In the urban areas, the increase was almost 50 per cent and in the rural areas more than five times. Doctors in the public sector were employed under the Prime Minister's Programme. Also facilities were extended to them to set up private clinics through provision of loans. A large number of doctors' residences were added to BHUs. Hospital beds in district and tehsil headquarters were added. The number of paramedics/auxiliaries added during the Sixth Plan period were 22,770 as against 13,576 during the Fifth Plan.

74. An area in which the plan failed was in checking third degree malnutrition. Against a target of 1.25 million, malnutrition was checked in 0.3 million cases only. Besides, a major failure was the continued population growth at 3.1 per cent per year which was more than the 2.6 per cent targeted.

75. The nutritional information confirms that no significant improvement in the nutritional status of the population in general and vulnerable groups in particular took place. Since the population increased by more than 3 per cent annually, the per capita availability of proteins and of calories increased marginally (58.8 grams to 59.8 grams and 2,291 to 2,302 calories).

WOMEN'S DEVELOPMENT

76. The Sixth Plan has the distinction of being the first plan in Pakistan which devoted special attention to women in economic development. It noted what it called the "shocking" neglect of women in the provision of literacy, education, nutrition, and maternal and child health facilities to women. In addition to providing a separate allocation of funds to address these issues the Sixth Plan attempted to strengthen the framework of non-government organizations active in women's programmes. In view of the novelty of this area of attention, the greatest success of the Sixth Plan was to place this on the development agenda of the nation; concrete progress was impeded by an absence of cogent programmes in the area.

POPULATION WELFARE

77. The Sixth Plan strategy of fertility reduction under the population welfare programme was based on a multi-disciplinary approach designed to modify family size preference while responding to the demand for services by expanding the delivery system. In view of the sensitivities, resistance and opposition to the programme in society, the Sixth Plan adopted the innovative strategy of involving local leaders and inducting the private sector in the provision of population welfare services. There was also a shift from a uni-purpose family planning approach to a functional integration of social services. Core projects, complementary projects and support projects were identified to implement the programme: While results of the programme will emerge only over the long-term, it is thought that some success was achieved during the Sixth Plan period.

DEVELOPING THE CULTURAL HERITAGE

78. The Sixth Plan recognised the role of culture and of the mass media in promoting national integration. It was unable, however, to offer either a substantive appreciation of this insight or a cogent programme designed to exploit this relationship.

CULTURE, SPORTS & TOURISM

79. In the field of culture, sports and tourism, the Sixth Plan continued with the traditional approach of the previous plans in which essentially financial allocations are provided for a number of projects on an ad hoc basis. A number of museums, an art gallery, a library, a national archives building and sports stadia were planned. The emphasis, unfortunately, remained on brick and mortar aspects while conceptual issues were not addressed adequately. Projects like the construction of an International Conference Hall and a Cultural Complex in Islamabad did not materialise. Greater success, however, was achieved in tourism, where a policy framework was provided to encourage the private sector to complement public sector efforts to promote tourism.

MASS MEDIA

80. The Sixth Plan aimed at expanding the coverage of mass media in order to encourage national integration and promote the creation of attitudes conducive to the promotion of the government's development efforts. A well-conceived programme of investments in radio, television, films and press was proposed in the Sixth Plan; the major project being a second television channel, to promote educational programmes. Once again, while the funds were utilized to expand the capacity of the media, executing agencies were unable to come up with meaningful suggestions on the content of programmes to be transmitted.

PROVIDING FOR THE PEOPLE

81. The basic approach of the Sixth Plan was to help the poor emerge from their poverty and to enable them to obtain the necessities of life - housing, water and sanitation, and education and health.

PHYSICAL PLANNING & HOUSING

82. The Sixth Plan, therefore, placed emphasis on the development of residential plots both by the public and private sectors, improvement of *katchi abadis,* construction of housing units through enlarged credit facilities in the urban and rural areas and cost free loans to low income groups to build houses on self-help basis, and improvement in urban and rural water supply.

WATER SUPPLY

83. By now more than half of the total popula-